

AR79



Canada
Tungsten
Mining Corporation Limited

Annual Report 1980

*COVER:
An electric hydraulic drill jumbo
underground.
RIGHT:
Operations and townsite, Tungsten,
N.W.T.*

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Canada Tungsten Mining Corporation Limited
Highlights

FINANCIAL

(Thousands of dollars except per share data)

	1980	1979
Net Income	\$ 22,977	\$ 16,516
—per share	4.60	3.31
Dividends paid	5,988	4,990
— per share	1.20	1.00
Cash flow from operations	30,002	24,298
— per share	6.01	4.87
Working capital	29,428	21,296
Capital expenditures	6,523	12,560
Outside exploration expenditures	4,336	2,019
Shareholders' equity	77,026	60,037
Total assets	100,154	72,779

The Directors present herewith the Annual Report of your Company together with the audited Financial Statements for the year ended December 31, 1980.

In the year under review, your Company earned a record Net Earnings of \$22,977,000 or \$4.60 per share compared with \$16,516,000 or \$3.31 per share from 1979 operations.

Although the two locals of the USWA struck the Company operations at Tungsten on November 14, 1980, record tonnage, recovery and STU production were accomplished with the expanded mine and mill during the 46 weeks it operated in 1980. Total production from the mine was 442,000 short ton units (STU) of WO_3 from 349,000 tons at a grade of 1.45% WO_3 compared with 1979 production of 361,000 STU from 272,000 tons at a grade of 1.58 WO_3 . Recovery of WO_3 for 1980 was a record 87% indicating the efficiency of the expanded milling circuit on lower grade ore.

World demand for tungsten in 1980 remained about the same as the peak year of 1979 although demand did weaken somewhat near year-end. Tungsten used in oil and gas drilling continued to be strong, whereas metalworking exhibited a slight weakness.

The price of tungsten, as measured by the Metal Bulletin, fluctuated within a narrow range. The average price during 1980 of US \$131 per short ton unit, however, was 4% above the 1979 price. During the First Quarter of 1981, the price of tungsten was about 4% above the 1980 average.

On February 4, 1981, the Company declared force majeure on concentrate deliveries to contract customers due to work stoppage which began November 14, 1980. As at date hereof the strike is still in progress.

ORE RESERVES

The mineable ore reserve of the underground orebody was estimated to be 3,600,000 tons at 1.55% WO_3 at year-end, compared with 3,900,000 tons at 1.55% WO_3 at December 31, 1979.

CAPITAL EXPENDITURES

A total of \$6,523,000 was spent on capital additions and replacements during the year. \$4,115,000 was spent on the Community Centre Complex, \$650,000 on the Assay Laboratory, \$391,000 on townsite paving. Replacement items including an electric hydraulic jumbo drill, two scoop trams, a powder loader and miscellaneous smaller items account for the balance of \$1,367,000.

EXPLORATION

The Company conducted an extensive exploration program during 1980; costs totalled \$4,336,000.

Dublin Gulch Area (Garnet-Skarn Zone)

A total of 37,000 feet of diamond drilling in 61 holes was completed by the end of the season. Concentrated fill-in and

Report to the Shareholders



ABOVE:

Shipping containers of concentrate, sold to customers worldwide.

RIGHT:

View of underground maintenance shop complex.



definition drilling was accomplished in August and September to substantiate the previously reported drill indicated reserve of 8 million tons at 0.5% WO₃. Included is a higher grade ore zone containing 4 million tons at 0.93% WO₃. Additional drilling is contemplated during 1981.

Keno Hill Area

On the Keno area claims, work consisted of 6,000 feet of overburden drilling in 53 holes plus 4,500 feet of diamond drilling. Significant silver-bearing structures have been outlined on the Mount Keno property and significant vein structures on the Gold Hill claim. Overburden drilling on the West ZAP claims indicates a potential for silver-bearing structures similar to the vein system. Further exploration work is contemplated during 1981 on these properties.

West Ridge

During 1980 the Company acquired by staking a substantial area centred at West Ridge in central Yukon. A program of surface geology and mapping, commenced in 1980, will continue in 1981. Placer leases taken under option late in 1980 will be tested in 1981.

DUBLIN GULCH PLACER OPERATION

The Company's placer operations at Dublin Gulch commenced June 1, 1980 and continued to September 20. The operations produced 179 tons of concentrate which were not sufficiently processed at year-end to provide a financial result. Considerable mechanical improvements are being made to the plant which is expected to make a major improvement in production during 1981.

QUEENSTAKE RESOURCES

On December 31, 1980 your Company purchased an additional one million shares of Queenstake for \$7,750,000. This purchase increased the holding in Queenstake from 28% to 45%.

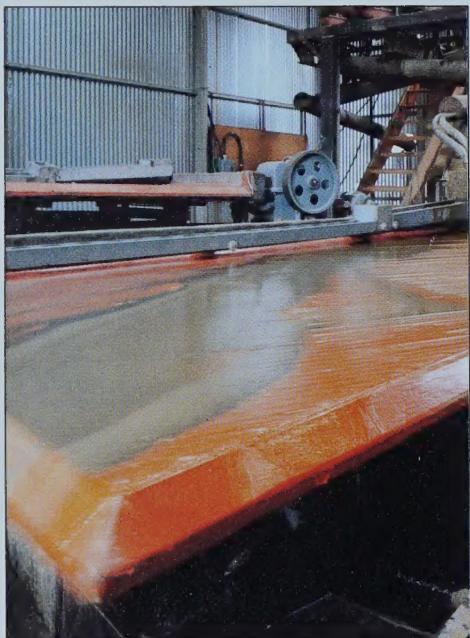
Queenstake completed the Clear Creek (Yukon) dredge renovation on schedule and within budget. In September the dredge operated for a three week trial production period, the results of which were encouraging with full scale production planned for 1981.

The Big Creek (Yukon) placer gold exploration program indicated reserves in the order of 5 to 6 million cubic yards (7.5 to 9 million tons) of gold-bearing gravels. A bulk sampling program to determine grade will be completed by mid-summer.

Queenstake also concluded the purchase of two more bucketline steel hulled dredges located in the Yukon.

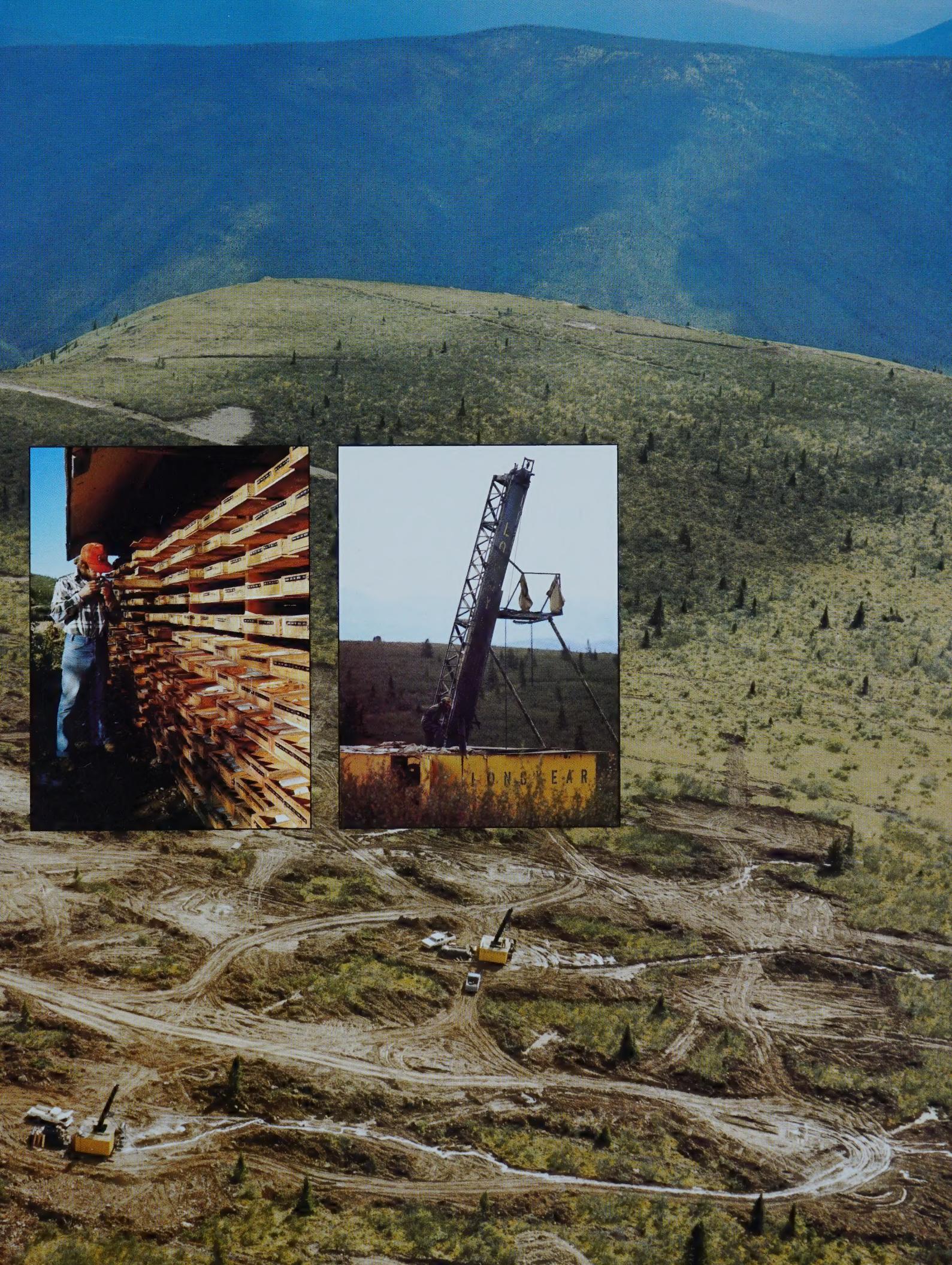
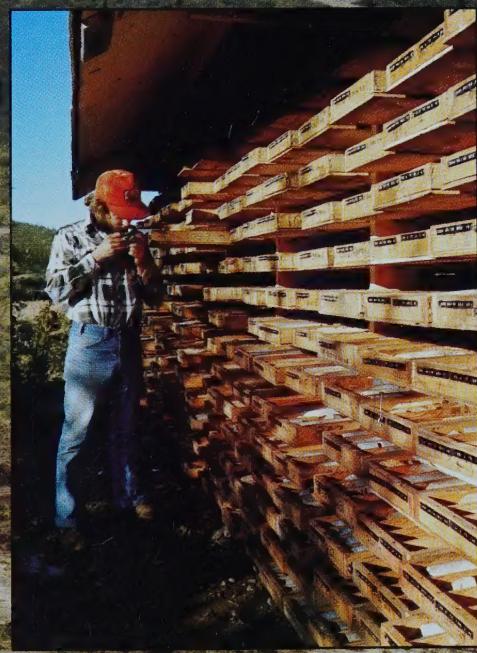
BOARD OF DIRECTORS

It is with profound sadness that we report the death of Dr. Earl B. (Gil) Gillanders on November 24, 1980. He was a valued



ABOVE: Spiral and table concentration equipment at Dublin Gulch placer operation.

RIGHT: Aerial view of diamond drilling site near Dublin Gulch.





A sample of tungsten ore and finished tungsten concentrate.

member of the Board of Directors since April 1968 and a close friend and advisor.

The Dr. E. B. Gillanders Memorial Scholarship fund has been established at the University of British Columbia by your Board of Directors in his memory. A 1925 graduate of that university in geology, he went on to a distinguished national and international career in the mining industry. A scholarship will be awarded annually from this fund to a UBC student in geology.

Hon. John B. Aird, O.C., Q.C., resigned from the Board in August 1980 upon being appointed Lieutenant-Governor of Ontario. Mr. Aird had been a director for twenty years during which his wise counsel on behalf of the Company made a major contribution to its success.

Mr. Douglas A. Berlis, Q.C. was appointed to the Board in December 1980. Mr. George B. McKeen was appointed in April 1981.

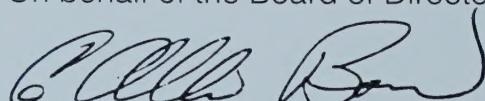
DIVIDENDS

During the year under review your Company paid quarterly dividends of 30¢ per share totalling \$5,988,000, an increase for the year of 20¢ per share over the \$1.00 per share paid in 1979.

RECOGNITION

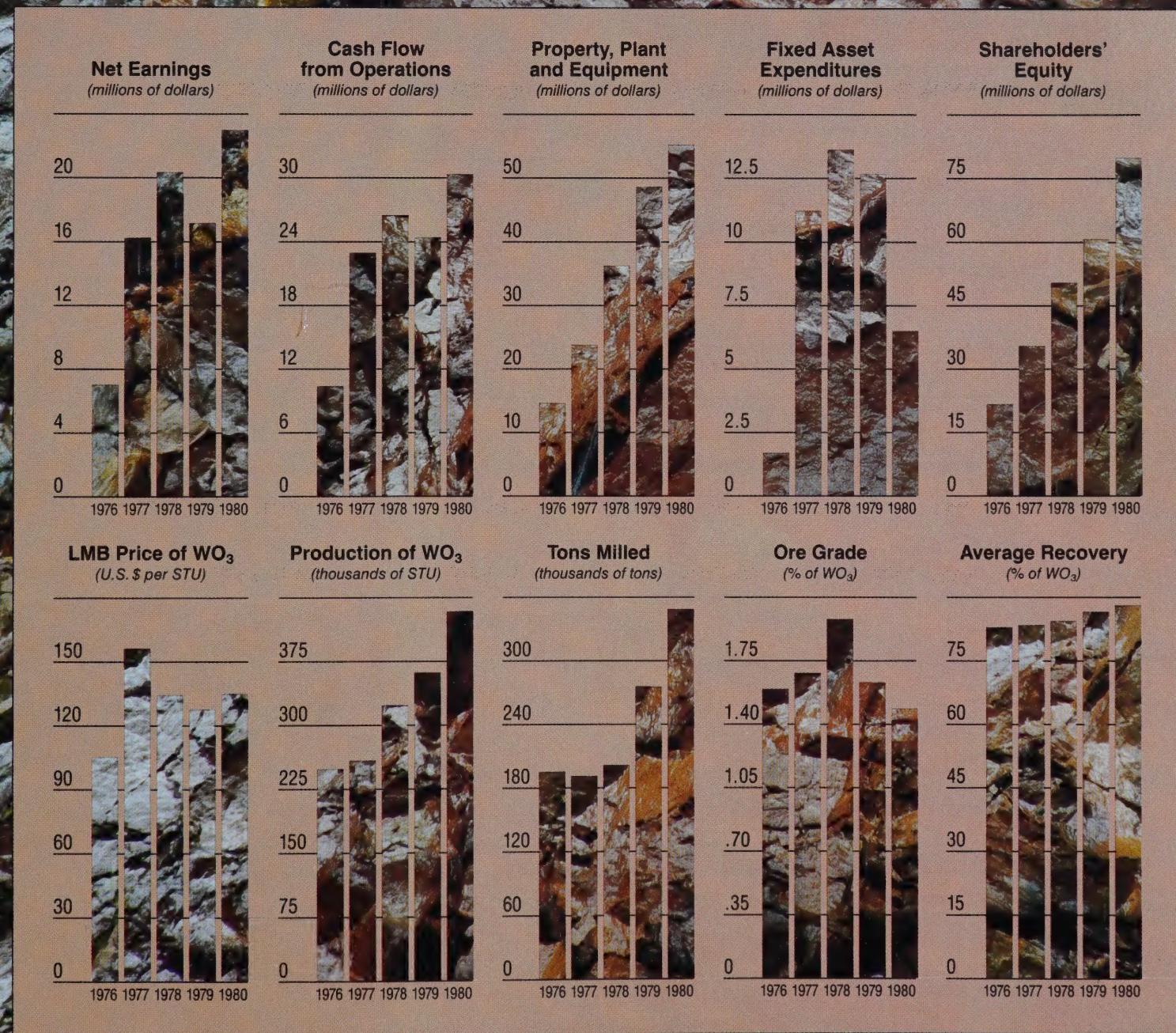
The Directors wish to record their appreciation for the dedication of management and all employees which resulted in record production and made 1980 an outstanding year.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read "C. Allen Born".

C. Allen Born
President and Chief Executive Officer

Toronto, Ontario
April 14, 1981



Statement of Earnings

for the year ended December 31

	1980	1979
	(in thousands)	
EARNINGS FROM OPERATIONS BEFORE THE UNDERNOTED (note 1)	\$ 42,302	\$ 26,291
INTEREST AND OTHER INCOME	2,538	1,481
	<u>44,840</u>	<u>27,772</u>
OTHER COSTS AND EXPENSES		
Depreciation	3,282	2,679
Amortization of deferred preproduction and development costs	472	334
Exploration	4,336	2,019
	<u>8,090</u>	<u>5,032</u>
EARNINGS BEFORE PROVISION FOR INCOME TAXES AND ROYALTY	36,750	22,740
PROVISION FOR INCOME TAXES AND NORTHWEST TERRITORIES ROYALTY		
Income taxes (note 7)		
Current	8,829	464
Deferred	3,047	4,602
	<u>11,876</u>	<u>5,066</u>
Northwest Territories Royalty	1,897	1,158
	<u>13,773</u>	<u>6,224</u>
NET EARNINGS FOR THE YEAR	\$ 22,977	\$ 16,516
EARNINGS PER SHARE	\$ 4.60	\$ 3.31

Statement of Retained Earnings

for the year ended December 31

	1980	1979
	(in thousands)	
BALANCE — BEGINNING OF YEAR	\$ 56,420	\$ 44,894
Net earnings for the year	22,977	16,516
	<u>79,397</u>	<u>61,410</u>
Dividends (1980 — \$1.20 per share; 1979 — \$1.00 per share)	5,988	4,990
BALANCE — END OF YEAR	<u>\$ 73,409</u>	<u>\$ 56,420</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Statement of Changes in Financial Position

for the year ended December 31

	1980	1979
	(in thousands)	
WORKING CAPITAL PROVIDED FROM:		
Operations		
Net earnings for the year	\$ 22,977	\$ 16,516
Add: Charges not requiring an outlay of working capital –		
Deferred income taxes	3,266	4,602
Depreciation	3,282	2,679
Amortization of deferred preproduction and development costs	472	334
Loss on disposal of fixed assets	5	167
	<hr/> 30,002	<hr/> 24,298
WORKING CAPITAL APPLIED TO:		
Fixed assets	6,523	12,560
Investments –		
Oil and gas investments	—	5,200
Shares in a resource company	8,139	2,030
Deferred costs	1,220	2,332
Dividends	5,988	4,990
	<hr/> 21,870	<hr/> 27,112
INCREASE (DECREASE) IN WORKING CAPITAL	8,132	(2,814)
WORKING CAPITAL — BEGINNING OF YEAR	21,296	24,110
WORKING CAPITAL — END OF YEAR	\$ 29,428	\$ 21,296
REPRESENTED BY:		
Current assets	\$ 42,790	\$ 25,785
Current liabilities	13,362	4,489
	<hr/> \$ 29,428	<hr/> \$ 21,296

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Balance Sheet Assets

as at December 31

	1980	1979
	(in thousands)	
CURRENT ASSETS		
Cash and short-term deposits	\$ 26,017	\$ 5,577
Accounts receivable	11,927	13,914
Inventories	4,823	5,692
Income taxes recoverable	—	445
Prepaid expenses	23	157
	42,790	25,785
INVESTMENTS		
Oil and gas investments (note 3)	1,268	3,022
Resource companies (note 4)	10,760	2,621
	12,028	5,643
FIXED ASSETS		
Property, plant and equipment (note 5)	54,202	47,715
Less: Accumulated depreciation	15,084	11,833
	39,118	35,882
DEFERRED COSTS (note 6)	6,218	5,469
	\$100,154	\$ 72,779

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Balance Sheet Liabilities and Shareholders' Equity

as at December 31

	1980	1979
	(in thousands)	
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,495	\$ 3,305
Income taxes payable	8,604	—
Northwest Territories royalty payable	2,263	1,184
	13,362	4,489
DEFERRED INCOME TAXES (note 7)	9,766	8,253
	23,128	12,742
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Authorized –		
10,000,000 shares without nominal or par value		
Issued and fully paid –		
4,990,000 shares	3,617	3,617
RETAINED EARNINGS	73,409	56,420
	77,026	60,037
	\$100,154	\$ 72,779

APPROVED BY THE BOARD OF DIRECTORS

Mark B. B.
DIRECTOR

Calis B.
DIRECTOR

Notes to Financial Statements

for the year ended December 31

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the company, which has substantially all of its operations in the mining industry, are in accordance with generally accepted accounting principles for the mining industry and conform in all material respects to International Accounting Standards except that pursuant to Section 79(a)(ii) of the 1978 Ontario Securities Act, an order has been obtained permitting the company to omit disclosure of sales in the statement of earnings for the years ended December 31, 1980 and 1979.

Outlined below are those policies considered particularly significant for the company.

Foreign Currency Translation

Foreign currency revenue and expense transactions are translated into Canadian dollars at the average monthly rate of exchange. Current assets and current liabilities are translated at the rate of exchange at the year-end. The resulting translation adjustments are included in the determination of net earnings.

Inventories

Inventories of concentrates are valued at the lower of cost or net realizable value. Cost is determined on the moving average basis and does not include depreciation or amortization of deferred preproduction and development costs. Inventories of materials and supplies are valued at cost.

Oil and Gas Investments

The company considers that its oil and gas investments are distinct from its mining operations and has adopted the policy that all income tax deductions relating to these investments are treated as timing differences and the tax deferrals arising therefrom are applied to reduce the cost of the investment. It is the company's policy to record depletion against the net cost of the investment using the unit-of-production method based on the company's share of total estimated recoverable reserves. No revenue has been received to date. Should the properties be abandoned, the net cost of the investment would be written off to earnings.

Investment in Resource Companies

The company follows the equity method of accounting for its investments in companies in which it exercises significant influence. Under this method the company includes in its earnings its share of the earnings and losses of the associated companies net of any dividends received.

The excess of the cost of the investment over the underlying net book value at the various dates of acquisition is being amortized over the estimated economic life of the mineral and petroleum properties of the associated companies.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Expenses for repairs and maintenance are charged to operating

expense as incurred. Replacements and major improvements are capitalized.

Buildings, plant and major equipment are depreciated over the estimated remaining life of the ore body at current and projected production levels, determined to be 12 years.

Other items, principally mobile equipment, trailer bunkhouses and small vehicles are depreciated on a straight-line basis over 5 years or such shorter period as their useful life shall be determined.

Deferred Costs

Preproduction and development costs relating to ore bodies are deferred and charged to income over the estimated life of the ore bodies on the basis of production.

Costs of exploring for new ore occurrences are charged to earnings in the year in which they are incurred except where these costs relate to specific areas having indicated economically recoverable reserves in which case they are deferred.

Income Taxes

The company records income taxes on the tax allocation basis. Differences in amounts reported for tax purposes and accounting purposes result in deferred income taxes which are shown separately in the statement of earnings and the balance sheet. Deferred income taxes relate primarily to depreciation of property, plant and equipment. Investment tax credits reduce the current year's charge for income taxes.

2. CHANGE IN ACCOUNTING POLICY

The company has retroactively adopted the policy that tax deferrals resulting from investments in oil and gas properties be applied to reduce the cost of the investments. (See note 3). The effect of this change was to reduce investments and deferred taxes by \$8,932,000 (1979 – \$7,179,000). This change has had no effect on current or prior years' earnings.

3. OIL AND GAS INVESTMENTS

	1980 (in thousands)	1979 (in thousands)
Oil and gas investments – at cost	\$10,200	\$10,200
Tax deferrals	8,932	7,178
Net cost	\$ 1,268	\$ 3,022

In 1977 the company invested \$5,000,000 in a Dome Petroleum Limited drilling programme. As a result of this investment the company earned a 1% net profits interest in future production from specified properties. In 1979 the company invested \$5,200,000 in Beaufort Petroleum Investment Limited, (Beaufort) and received 50,000 Class A common shares and 50,000 Class A redeemable preferred

shares of Beaufort. At December 31, 1980 the quoted value of these shares was \$150,000 (1979 – not quoted).

Exploration expenses, frontier allowance and depletion claimed for tax purposes on these investments have resulted in aggregate tax benefits and deferrals of \$8,932,000 to December 31, 1980. These amounts have not been reflected as a reduction of income tax expense in the statement of earnings, but have been treated as deferred taxes arising on timing differences and reflected in the balance sheet as a reduction in the cost of the investments.

The balance of the income tax reductions of \$237,000 relating to this investment, calculated at current rates, will be realized in future years through depletion claims and offset against the cost of the investment.

4. INVESTMENTS IN RESOURCE COMPANIES

	1980 (in thousands)	1979
Queenstake Resources Ltd., at cost		
– 1,981,934 common shares (1979 – 938,700 common shares)		
– Quoted market value – \$18,828,000 (1979 – \$5,632,200)	\$10,730	\$ 2,591
Invex Resources Limited, at cost		
– 50,000 common shares		
– Quoted market value – \$95,000 (1979 – no quoted value)	30	30
	\$10,760	\$ 2,621

During the year the company increased its investment in Queenstake Resources Ltd. (Queenstake) to a 45% interest in that company. The unamortized excess of the carrying value of this investment over the underlying equity in net assets acquired is \$7,629,000 (1979 – \$1,570,000).

Of the total Queenstake shares acquired during the year, 1,000,000 were purchased from treasury on December 31, 1980 for \$7,750,000. This investment may be subject to approval by the Foreign Investment Review Agency (FIRA). If FIRA approval is not obtained, Queenstake is obligated to return the purchase price of the shares and the transaction will be cancelled. The company has agreed with the British Columbia Superintendent of Brokers that the company's investment in Queenstake will not be sold without the Superintendent's approval.

5. PROPERTY, PLANT AND EQUIPMENT

	1980		1979	
	Cost	Accumulated depreciation (in thousands)	Net	Net
Land	\$ 125	\$ —	\$ 125	\$ 125
Buildings, plant and equipment	49,178	15,084	34,094	35,757
Construction in progress	4,899	—	4,899	—
	\$54,202	\$15,084	\$39,118	\$35,882

6. DEFERRED COSTS

	1980 (in thousands)	1979
Deferred preproduction and development, net of accumulated amortization of \$5,845,000 (1979 – \$5,373,000)	\$2,118	\$2,528
Deferred development costs		
Dublin Gulch, Yukon Territory		
Mining properties	420	420
Plant and equipment	1,890	1,588
Exploration and development	1,790	771
	4,100	2,779
Livingstone Placer Ltd. participation	—	162
	\$6,218	\$5,469

The company is carrying out exploration and development of the Dublin Gulch properties under an agreement with Queenstake. The agreement grants Queenstake a 30% interest in these properties and provides that exploration, development and capital expenditures incurred by the company to place the properties into production are to be recovered from first production profits. Commercial production from certain of these properties has been scheduled to commence in 1981.

Under the provisions of two other agreements with Queenstake, the company has been granted options to acquire 80% and 85% interests in certain other mineral claims in return for conducting certain exploration work.

7. INCOME TAXES

(a) The rate of income tax expense on earnings before income tax varies from the combined statutory Federal, Provincial, and Territorial rates as follows:

	1980		1979	
	Amount (in thousands)	% of Pre-tax earnings	Amount (in thousands)	% of Pre-tax earnings
Income tax expense computed at statutory rates	\$16,760	48.1	\$9,986	46.3
Increase (decrease) in income taxes resulting from:				
Non-deductible royalties	912	2.6	536	2.5
Resource allowance	(4,626)	(13.4)	(2,690)	(12.5)
Income tax depletion	(1,193)	(3.4)	(1,784)	(8.3)
Investment tax credits and other	23	.1	(982)	(4.5)
Income tax expense	\$11,876	34.0	\$5,066	23.5

(b) Deferred income taxes accumulated to December 31, 1980 arise from:

	1980 (in thousands)	1979
Income taxes deferred on:		
Deferred preproduction and development costs deducted for income tax purposes in excess of amounts amortized	\$1,383	\$1,206
Additional items, principally capital cost allowance deducted for income tax purposes in excess of depreciation recorded in the accounts	8,383	7,047
	\$9,766	\$8,253

The taxes deferred as a result of the company's oil and gas investments are netted against the cost of the investments. (See note 3.)

8. RELATED PARTY TRANSACTIONS

(a) All of the company's sales are export sales and are sold under an exclusive sales agency agreement with an affiliate of Amax Securities Inc., a 65% shareholder of the company. Commissions paid to this affiliate amounted to 2.5% of sales during the year (1979 – 3.1%). Of total sales during the year, 13% (1979 – 13%) were to an affiliate of Amax Securities Inc.

(b) The company has housing loans outstanding to senior officers of \$240,000 (1979 – \$196,000).

9. OTHER INFORMATION

(a) *Comparative figures*
The comparative figures are based upon financial statements which were reported on by other auditors. Certain figures in the 1979 financial statements have been reclassified to conform with the presentation in 1980. This has had no effect on earnings or working capital.

(b) *Remuneration of Directors and Senior Officers*
Remuneration of directors and senior officers, as defined

in the Business Corporations Act, Ontario, amounted to \$403,000 for the year ended December 31, 1980 (\$368,000 in 1979).

(c) *Strike at Mine Site*

The mine from which the company derives its principal source of revenue has been closed by a strike of its union employees since November 14, 1980. As at January 21, 1981, no agreement has been reached to terminate the strike and resume production.

(d) *Lease Commitments*

The company is committed under operating leases for office premises expiring in 1981 and 1983 and under operating leases for certain mining equipment expiring at various dates to 1984. Minimum lease payments in aggregate and for each of the four succeeding years are as follows:

1981	\$ 730,000
1982	604,000
1983	404,000
1984	127,000
	\$1,865,000

Auditors' Report to the Shareholders

We have examined the balance sheet of Canada Tungsten Mining Corporation Limited as at December 31, 1980 and the statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

As disclosed in note 1 to the financial statements, the company has obtained permission from the Ontario Securities Commission to omit disclosure of sales in the statement of earnings for the years ended December 31, 1980 and 1979. In this respect, the financial statements are not in accordance with generally accepted accounting principles.

In our opinion, except for the omission of sales as described in the preceding paragraph, these financial statements present

fairly the financial position of the company as at December 31, 1980 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in the method of accounting for investments in oil and gas properties as explained in note 2 to the financial statements, on a basis consistent with that of the preceding year.

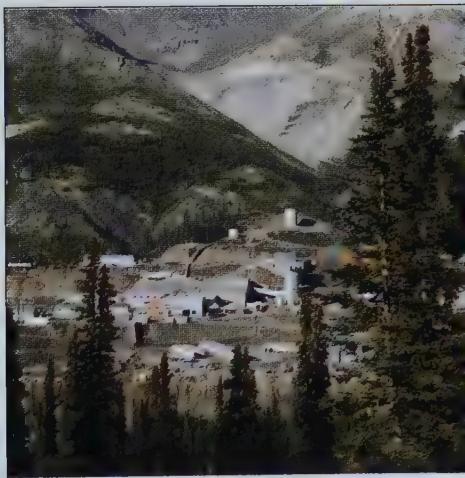
Coopers & Lybrand

Vancouver, B.C.
January 21, 1981

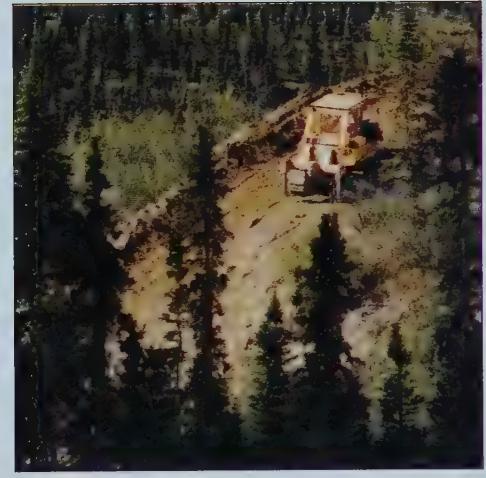
CHARTERED ACCOUNTANTS



Dublin Gulch, Yukon Territory

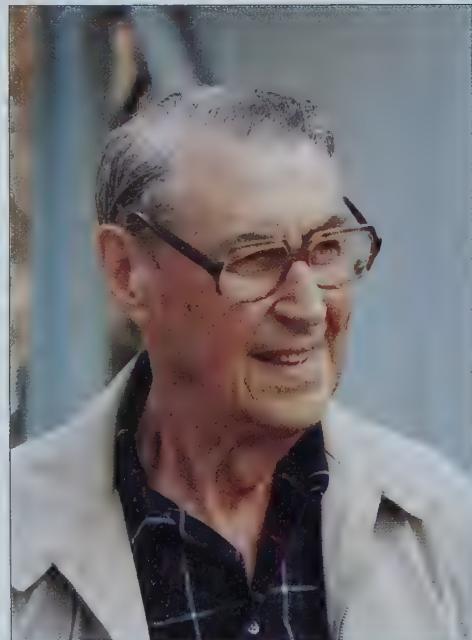


Tungsten, Northwest Territories



Keno Hill area, Yukon Territory

Corporate Directory



Dr. E. B. (Gil) Gillanders, a director of the company since April 1968, passed away suddenly in November 1980 at the age of 77. His vast knowledge, gained during more than fifty years in the mining industry, along with his presence and guidance, is sadly missed.

DIRECTORS:

Douglas A. Berlis, Q.C.*
Toronto, Ontario
C. Allen Born
Vancouver, British Columbia
J. M. Richard Corbet*
Toronto, Ontario
John W. Goth
Greenwich, Connecticut
George B. McKeen
Vancouver, British Columbia
James B. Redpath
Toronto, Ontario
H. A. Sawyer, Jr.*
Greenwich, Connecticut

*Members of Audit Committee

COMPANY OFFICES:

Executive & Exploration Office
Suite 1600
1066 West Hastings Street
Vancouver, B.C. V6E 3X1

Registered Head Office:
Suite 2700
1 First Canadian Place
Toronto, Ontario M5H 1H1

Mine:
Tungsten, N.W.T. X0H 0A0

Leach Plant and Warehouse:
80 Niobe Street
North Vancouver, B.C. V7J 2C9

Placer Operation:
Dublin Gulch
Mayo, Yukon Y0B 1M0

OFFICERS:

James B. Redpath,
Chairman of the Board
C. Allen Born,
President and Chief Executive Officer
Mervyn K. Coffin,
Secretary and Treasurer
Peter M. Cain,
Vice President Operations
Dorothy I. Chisholm
Assistant Secretary
John J. Sutherland, Jr.,
Assistant Treasurer

AUDITORS

Coopers & Lybrand
Vancouver, British Columbia

SOLICITORS:

Russell & DuMoulin
Vancouver, British Columbia

BANKERS:

Canadian Imperial Bank of Commerce
Main Branch,
Vancouver, British Columbia

SHARES LISTED:
Toronto Stock Exchange

REGISTRAR AND TRANSFER AGENT:

Canada Permanent Trust Company
Toronto-Vancouver-Montreal

VALUATION DAY:

The price of the Company's shares was
\$1.55 per share on December 22, 1971,
established by Revenue Canada as
Valuation Day.

ANNUAL MEETING

The Annual Meeting of shareholders will be held Thursday, May 28, 1981 at 10:30 a.m. in the Windsor Room of the Sheraton Centre, 123 Queen Street West, Toronto, Ontario.



**CANADA TUNGSTEN MINING
CORPORATION LIMITED**

**STATEMENT OF CHANGES
IN FINANCIAL POSITION (Unaudited)**

For the Six Months Ended June 30

	1980	1979
(Canadian \$ in thousands)		
Working capital was provided by:		
Operations:		
Net income for the period	\$12,714	\$ 5,816
Add charges not requiring an outlay of working capital		
Deferred income taxes	2,270	2,309
Depreciation	1,500	1,200
Amortization	237	141
Total	16,721	9,466
Working capital was applied to:		
Fixed assets	2,118	5,732
Investments:		
Oil and gas properties	—	5,000
Shares in resource companies	—	200
Deferred development costs	619	586
Deferred mining costs	33	279
Dividends	2,994	2,495
Total	5,764	14,292
Increase (decrease) in working capital for the period	10,957	(4,826)
Working capital at beginning of the period	21,296	24,110
Working capital at end of the period	\$32,253	\$19,284
Represented by:		
Current assets	\$43,443	\$25,415
Less current liabilities	11,190	6,131
	\$32,253	\$19,284

**CANADA
TUNGSTEN
MINING
CORPORATION
LIMITED**

Interim Report
for Six Month Period
Ended June 30, 1980



**CANADA TUNGSTEN MINING
CORPORATION LIMITED**

TO THE SHAREHOLDERS:

The unaudited after tax income for the first six months of 1980 was \$12,714,000 or \$2.55 per share compared with \$5,816,000 or \$1.17 per share for the same period in 1979.

Mine production for the period was 274,000 STU of WO_3 from 202,000 tons of ore at a grade of 1.53% WO_3 . Recovery was stable at 88.5%. During the corresponding period of 1979 mine production was 144,000 STU of WO_3 from 99,000 tons of ore at a grade of 1.72% WO_3 and recovery of 84.7%.

Metal bulletin prices for the first six months averaged U.S. \$128/STU compared with U.S. \$124/STU for the same period in 1979. Demand has remained strong during the period.

The Placer plant at Dublin Gulch, Yukon Territory commenced operating early in June with throughput of 2,000 tons per day. Separation tables and spirals are presently being installed which will upgrade the concentrate of gold and tungsten from the jig plant. The plant has not operated long enough to report on recovery at this time, however, early indications are positive and will be reported at the end of the third quarter.

Exploration crews are working in the Dublin Gulch and Keno areas in the Yukon and Chilco Lake area, B.C. Diamond drilling is continuing on the Garnet Skarn Zone where 5 million tons probable/possible WO_3 was reported in 1979. Drill proven ore to-date is 8 million tons at 0.5% WO_3 , with two drills on site and a total of 20,000 feet drilled at the end of June. An overburden drill is working in the Keno area, diamond drilling is scheduled to commence in early August. Geologic mapping and geochem sampling are progressing in the Chilco Lake area, B.C.

Dome Petroleum has recently announced the possibility of a crude oil discovery in its Beaufort Sea Tarsuit-25 location. Your company has an interest in this discovery as well as in the Kopanoar well where a discovery was announced last year.

Dividends of \$0.30 per share were paid in March and June for a total of \$2,994,000.

On behalf of the Board of Directors,



C. Allen Born,
President and Chief Executive Officer

Toronto, Ontario
August 6, 1980

**CANADA TUNGSTEN MINING
CORPORATION LIMITED**

STATEMENT OF INCOME (Unaudited)

For the Six Months Ended June 30

	1980	1979
	(Canadian \$ in thousands)	
Income from operations (Note)	\$22,336	\$10,148
Interest income	963	872
	23,299	11,020
Other costs and expenses:		
Depreciation	1,500	1,200
Amortization	237	141
Exploration	1,083	580
Northwest Territories royalty	1,311	546
	4,131	2,467
Income before taxes	19,168	8,553
Provision for taxes	6,454	2,737
Net income for the period	\$12,714	\$ 5,816
Earnings per share	\$ 2.55	\$ 1.17

Note: Pursuant to Section 79(a)(ii) of the Securities Act, 1978, Ontario, an order has been obtained permitting the Company to omit disclosure of sales in the Statement of Income.

PRODUCTION STATISTICS
For the Six Months Ended June 30

	1980	1979
Tons Milled	201,778	99,250
% WO_3	1.53	1.72
Short Ton Units WO_3 Produced	273,609	144,317
Average Recovery % WO_3	88.5	84.7

CANADA TUNGSTEN MINING
CORPORATION LIMITEDSTATEMENT OF INCOME (Unaudited)
For the Three Months Ended March 31

	1980	1979
(Canadian \$ in thousands)		
Income from operations	\$9,263	\$5,072
Interest Income	248	303
	9,511	5,375
Other costs and Expenses:		
Depreciation	750	600
Amortization	109	66
Exploration	294	249
Northwest Territories royalty	418	268
	1,571	1,183
Income before taxes	7,940	4,192
Provision for taxes	2,573	1,342
Net income for the period	\$5,367	\$2,850
Earnings per share	\$ 1.08	\$.57

PRODUCTION STATISTICS

For the Three Months Ended March 31

	1980	1979
Tons Milled	98,393	49,055
% WO ₃	1.45	1.70
Short Ton Units WO ₃ Produced	126,259	70,450
Average Recovery % WO ₃	88.4	84.7

CANADA TUNGSTEN MINING CORPORATION LIMITED

Interim Report
for Quarter Ended March 31, 1980
and
Review of the Annual Meeting
Toronto, May 2, 1980



CANADA TUNGSTEN MINING CORPORATION LIMITED

TO OUR SHAREHOLDERS:

Following is a review of the Annual Meeting held in Toronto on May 2, 1980:

The Annual Report of the Company was presented to the meeting, reviewed and accepted.

The unaudited after tax net income for the first quarter of 1980 was \$5.367 million or \$1.08 per share compared with \$2.850 million or \$0.57 per share for the corresponding period in 1979. A quarterly dividend of \$0.30 per share was paid on March 28, 1980.

Tungsten demand continues to be strong world-wide because oil and gas drilling, re-tooling in the automobile industry and the aerospace industry are at a high level of activity. Another indicator of the strong demand is that APT capacity is at a premium world-wide with most plants operating at or near capacity. Despite the good business, there is no shortage of tungsten concentrates, mainly because concentrate availability through the GSA stockpile releases by the U.S. Government has matched the market demand. Metal Bulletin prices for concentrate averaged \$129.47 U.S. per short ton unit for the first quarter of 1980, \$3.52 above the 1979 average.

STATUS OF U.S. G.S.A. STOCKPILE AT YEAR-END:

	1979	1978
(Million lbs. W)		
Total Year-end Inventory	97.8	103.5
Stockpile Objective	42.7	42.7
Stockpile Excess	55.1	60.8
Actual Sales	5.8	5.5

Mine production for the first quarter was 126,259 STU of WO_3 from 98,393 tons of ore grading 1.45% WO_3 , recovery for the period was a record 88.4% with the expanded circuit.

Compared to the corresponding quarter of 1979 STU production was up 55,809 STU, tonnage is up 49,338 tons and recovery is up from 84.7% to 88.4%. Feed grade of 1.45% WO_3 was considerably lower than the 1.70% WO_3 in 1979.

Crews have been moved into the Dublin Gulch property to start clearing roads and to move the two diamond drills into the property. Start-up on the placer plant for initial production is scheduled for June 1, 1980. Diamond drilling in the hard rock area should commence by June 15, 1980.

Directors elected were: J. B. Aird, C. A. Born (President and Chief Executive Officer), J. M. R. Corbet, E. B. Gillanders, J. W. Goth, J. B. Redpath (Chairman of the Board) and H. A. Sawyer, Jr.

Coopers and Lybrand, Chartered Accountants, were appointed as auditors of the Company for 1980.

On behalf of the Board of Directors,



C. Allen Born
President and Chief Executive Officer

Toronto, Ontario
May 2, 1980